Part 1
Strategic, Comparative and Organizational Perspectives on IHRM
1 Strategic Management and IHRM

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Learning Objectives

After reading this chapter you will be able to

- Understand the process of strategic management and appreciate its implementation from differing perspectives
- Know and distinguish between the various modes of entry for international strategy
- Identify ways that project management and organisational behaviour conceptualise the implementation of strategy
- Explain why IHRM and SHRM are an integral part of all stages of the process of strategic management
- Analyse the competitive position of an organisation, its resources and core competences
- Formulate IHRM strategies, policies and practices based on the corporate, international and business level strategies of the organisation
- Critically evaluate the success of IHRM from multiple perspectives (e.g. customers, owners, managers and employees)

Chapter Outline

The chapter reviews common approaches to strategy and strategic management and then discusses different perspectives on strategy and the central importance of IHRM and SHRM. It ends with three major IHRM challenges which will be of strategic significance for most organisations in the future.

1 Introduction: value creation through strategic management

Whenever organisations operate in a competitive market then they will find themselves under pressure to formulate and implement value-creating strategies. The relevance of strategic management also applies to the public and not-for-profit sectors, when they find themselves competing for resources, collaborating with private sector organisations, operating in quasi-markets and evaluated according to corporate policies
and management techniques. The success of these organisations’ strategies often has a fundamental impact on their capacity to survive, grow and prosper.

Since Michael Porter’s (1980, 1985, 1990) influential works on competitive strategy published three decades ago, executives and managers have been encouraged to identify ways that their organisations can gain a competitive advantage.

A sustained or sustainable, competitive advantage occurs when a firm implements a value-creating strategy of which other companies are unable to duplicate the benefits or find it too costly to imitate. (Hanson et al., 2002)

Managing value means ‘maximising the long-term cash-generating capability of an organisation’ (Johnson et al., 2010: 490). The main ways of specifically increasing shareholder value are increasing revenue through sales volume and prices; disposal of unnecessary assets; efficient management of stock, debtors and creditors; and effective financing of the business through an appropriate mix of capital (debt and equity).

Porter (1985) specified the primary value-creating activities of an organisation when creating any product or service as inbound logistics, operations, outbound logistics, marketing and sales, and service. His basic idea of the value chain is that in each activity the organisation should add value or consider outsourcing it to another organisation which can do it either just as well or preferably can add more value. HRM is relegated to what Porter categorised as support value-creating activities along with firm infrastructure, technology development and procurement. His model is frequently criticised for having more relevance to the manufacturing sector and is seen as less applicable to the services and knowledge sectors of the economy. Nevertheless, in the context of competitive strategy, the value chain and value network (inter-organisational links to create products/services) remain prevalent concepts today.

In some contexts however, competitive strategy and competitive advantage are problematic concepts whenever organisations are not seeking to win necessarily at others’ cost. This makes strategic management more complicated because the objectives of value-creation and excellent performance are salient, but gaining a unique advantage against peer organisations may not be a relevant goal. This ambivalent relation to competitive strategy is common in public-funded initiatives which usually serve multiple stakeholders as well as within collaborative partnerships and amongst partners in alliance networks (Skoufa, 2004).

2 Major stakeholders

Notwithstanding these complexities, whatever school of strategic management one subscribes to, ethically there is no doubt that people do matter and this is so even
when managers behave as if employees and subcontractors are solely a cost to their business. The organisation and its employees are considered to be major stakeholders, although there is considerable debate on the extent that their interests should be acknowledged in relation to profits allocated to shareholders. They in effect underwrite much of the risk capital of the business through buying and selling company shares traded on the public stock markets.

The three major stakeholder groups are usually said to be the capital markets, product markets and organisations. Capital markets comprise shareholders and lenders such as banks. Product markets consist of primary customers, suppliers, host communities and unions. Organisational stakeholders include managers, employees and other members of the organisation. Stakeholder theory has its proponents and detractors. Its proponents can be subdivided broadly into those who concentrate on multiple economic claims and those who argue further in terms of diverse moral claims and expectations to have a voice in important decisions.

Stakeholder theory is based on two principles that balance the rights of the claimants on the corporation with the consequences of the corporate form. The first, the principle of corporate effects, states that ‘the corporation and its
managers are responsible for the effects of their actions on others’ (Evan and Freeman, 2004: 79) ... The second principle, namely the principle of corporate rights, states that ‘the corporation and its managers may not violate the legitimate rights of others to determine their own future’ (Evan and Freeman, 2004: 79). (Greenwood and De Cieri, 2007: 122–3)

Its detractors argue that the theory is problematic because it is often not clear exactly who are the valid stakeholders and some claim further that it draws attention away from the major rights and responsibilities of shareholders and corporations. One way of responding to this unitarist shareholder-dominated perspective is to argue that ethically its very exclusivity ignores the essentially pluralist nature of society and business, and furthermore that ‘any intellectually and morally acceptable approach to HRM must take account of a pluralism of partially conflicting interests’ (Campbell et al., 2007: 284).

### 3 Strategic management

The ‘design school’ (Ansoff, 1991) approach to strategy subdivides the process into an iterative cycle of stages which are also interactive and involve feedback loops. For the sake of ease of understanding, these stages can be considered to proceed in a sequence which repeats itself. For example, the strategic management process commences with ideas on the mission, vision, intent, purpose, goals and objectives. These strategic intentions over time will become partially or totally changed through processes of reflection, analysis and debate and from direct experience in action and of course the results during implementation. These ideas go through refinement, revision, elaboration and change during the analysis stage.

The strategic analysis considers the external and internal environments of the organisation (e.g. SWOT – Strengths, Weaknesses, Opportunities and Threats) and then moves on to the formulation of strategy (e.g. Corporate-level, International Strategy, Business-level, Cooperative – alliances and partnerships, Acquisition and Restructuring). Finally, there is the implementation of the strategy (e.g. Corporate Governance, Organisational Structure, Coordination and Control, Leadership, Entrepreneurship, Innovation, Change and Sustainability).

In reality, the purposes and processes of strategic management are often complex and even confused and chaotic. These strategy processes are also interactive and simultaneously both reinforcing and contradictory. In all events nobody can predict the future exactly and in many situations people are actually unsure why they are doing things and unclear about unintended consequences which may occur. Henry Mintzberg’s (1990) critique of the design school and his proposed theory of emergent strategy addresses the messiness and uncertainty of planning and action. Mintzberg notes the frequently *ad hoc* and even unanticipated nature of action and learning and provides a useful critique of the tendency for strategy teaching to be unrealistically
rationalist in its assumptions and too idealistic in its core principles. So, the tools and techniques of strategic management must be applied flexibly and not become a substitute for learning by doing and learning from others. Organisations therefore must encourage experimentation and improvisation (Pinnington et al., 2003).

External analysis involves the scanning, assessment and evaluation of the environment for opportunities and threats often using tools that assist with understanding different levels of analysis. These may be subdivided into macro, mesa and micro levels. The macro environment is often surveyed using tools such as PESTEL (Political, Economic, Social, Technological, Environmental, Legislative). Then there are tools for the mesa level – typically the competition within the industry assessed through such frameworks as Porter’s (1985) Five Forces analysis (Threat of New Entrants, Power of Buyers, Power of Suppliers, Threat of Substitutes, Competitive Rivalry within the Industry). Finally there are micro-level aspects to do with the immediate environment and on-going interactions with competitor firms (assessed through tools of competitor analysis).

An internal analysis also involves scanning, assessment and evaluation of the environment, and is concerned with identifying strengths and weaknesses of the organisation relative to its actual (current) and potential (future) competitors. During the 1980s and 1990s the concept of internal resources (Penrose, 1959) gained more attention and led to further elaboration and development of the Resource Based View of the Firm (Barney, 1991). Consequently, a wider range of tools and frameworks are now available to practitioners and researchers. A typical approach is to assess the internal environment of the organisation for its resources, capabilities and core competences (Kamoche, 1996; Hamel and Prahalad, 1994).

An audit of resources will include such aspects as financial, physical, human, organisational and reputational characteristics. In some industries, such as automotive assembly, the cost of human resources is a small percentage of total costs compared to physical plant, machinery and parts, whereas in knowledge intensive firms such as consultancies and law firms the major cost is human resources even when the information technology budget may run into many millions. The potential of the firm’s resources for competitive advantage has become more recognised by strategy practitioners and researchers following the growth in significance of the services and knowledge sectors of the economy, in relation to the primary (e.g. agriculture, mining resources) and secondary (e.g. manufacturing) sectors.

Within business and management research, the fields of strategy and innovation were in fact the first to recognise the importance to organisations of strategies and tactics for managing knowledge. Academics interested in strategic management wrote about the importance of managing teams of resources so that they become productive, and capabilities of the firm (Grant, 1991: 118–19). They emphasised knowledge resources that deliver value as opposed to knowledge for its own sake (Wernerfelt, 1984). The resource-based view of the firm helped to focus interest on ways that resources can be managed strategically by attending to their capacity for creating uniqueness and competitive advantage through characteristics such as producing economic value,
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possessing some rarity, being hard to copy and difficult to substitute (Barney, 1991). In summary, which ones out of the organisation’s resources and capabilities are:

- Valuable?
- Rare?
- Hard to copy?
- Difficult to substitute?

The knowledge-based theory of the firm developed by Spender (1996) emphasised the importance of managers getting involved in actively managing knowledge and learning from it through: (a) managing by thinking and interpreting multiple phenomena by exercising a high degree of flexibility, (b) managing the boundaries of the organisation such as its interfaces with customers and suppliers, (c) identifying institutional effects and influences on knowledge and its strategic management, and (d) distinguishing between the influence of wider systems as well as the elements and components of knowledge, systems and technologies.

Since the emergence of the resource-based view of the firm (Barney, 1991; Grant, 1991), there has been increased interest in strategic management based upon an internal analysis of the strengths and weaknesses of the organisation, the capabilities of its internal resources (physical, human and organisational), its management of the value chain (primary and support activities) and development of a sustained competitive advantage. The resource-based approach has encouraged more reflection on how HR practitioners can be better included in processes of strategic management (Grant, 1996a,b) and consequently become more proactive in incorporating ideas on ways that HRM can. Following the analysis of the strategy a choice has to be made regarding the available strategic options. A standard approach is to assess each anticipated and specified option for its suitability, acceptability and feasibility.

- **Suitability** – Does the strategy address the key issues relating to the competitive position of the organisation?
- **Acceptability** – Will the strategy achieve an acceptable return, is at reasonable levels of risk and likely to be acceptable to stakeholders?
- **Feasibility** – Can the strategy be pursued within the resources, capabilities and competences of the organisation?

The business-level strategy is still based on comparatively minor variations on Porter’s three generic strategies. Hanson et al. (2002: 129) helpfully define it as: ‘an integrated and coordinated set of commitments and actions designed to provide value to customers and gain a competitive advantage by exploiting core competencies in specific, individual product markets’. The firm has an opportunity to formulate and implement a business-level strategy with a specific competitive scope (broad, narrow) and approach to competitive advantage (cost, uniqueness). As Figure 1.2 below shows...
this creates four alternatives known as: cost leadership, differentiation, cost focus and differentiation focus.

While all firms are expected to have a business-level strategy only those that have several products and services and offer them in different markets and regions are likely to be of sufficient complexity to require a corporate strategy. A corporate-level strategy can be defined as: ‘an action taken to gain a competitive advantage through the selection and management of a mix of businesses competing in several industries or product markets’ [Hanson et al., 2002: 196]. The corporate strategy concerns the nature and extent of diversification of the company. Through value-creating strategies the organisation has to make choices concerning the amount that it facilitates sharing between its different business units (known as operational relatedness) and the extent that the corporate headquarters leads through transferring knowledge and skills into businesses (known as corporate relatedness). The corporate strategy is significant for HRM because it creates organisational norms, systems and procedures for the amount that different business units are expected to share knowledge and skills with each other and the extent that the corporate headquarters is required to proactively manage and support the business units.

International corporate-level strategy is different in so far as it reflects specifically on the intended reach and scope of the organisation in terms of global integration and local responsiveness. Three alternative strategies are normally articulated:

- **Multi-domestic strategy** – Strategic and operating decisions are decentralised to the separate business units and management within individual countries. Philips was traditionally renowned for this approach.
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- **Global strategy** – Corporate headquarters devises strategy and monitors and rewards standardisation and operational conformance to global specifications for products and services. Japanese corporations such as Sony and Komatsu have enjoyed strong reputation for success in this area.
- **Transnational strategy** – Simultaneous implementation of strategies of global efficiency and local responsiveness. ABB is one of the most commonly cited MNCs advocating and implementing transnational strategies.

The field of strategic management contains a complex array of competing theories selecting the main unit of analysis as either the firm or the industry or the nation. There are a wide range of available approaches to the subject matter with strategy seen as evolutionary paths or as emergent change, and, its fundamental building blocks are very different so that it is conceptualised by some scholars as assets/resources while others see it as composed of processes of strategic management (Whittington, 2001).

What is somewhat more surprising though is the nature of the specialist knowledge of the discipline of strategy. On the one hand strategy is very broad-based including ideas from, for example, different branches of economics, evolutionary ecology, information sciences, and simulation and game theories (Hoskisson et al., 1999). Whittington (2001) subdivided the field into classical, evolutionary, processual and systemic schools of thought and identified a range of influential disciplines, in particular, military scholarship and economics (classical), economics and biology (evolutionary), psychology (processual) and sociology (systemic).

On the other hand, looking at how it is commonly taught in business schools and corporate training events the implementation issues connected with people seem almost to be sidelined and upstaged by a greater concentration on other functional areas of management such as: finance, accounting, sales, marketing, public relations, operations, logistics and information technology. The limited amount of attention given to the people issues is especially pertinent in the area of strategy implementation as it is presented in some of the popular texts widely used by training and education practitioners. For example, in a number of these textbooks and training guides, the human concerns of the organisation remain somewhat implicit rather than gain explicit mention.

4 Three perspectives on strategy implementation: strategic management, international strategy and national competitiveness

**Strategic management**

There are many different frameworks available on the implementation of strategy. Authors writing on the subject of strategy implementation attend to different
issues concerning organisational action. Most of them make reference to issues of structure and control with some then focusing more on the topics of governance and leadership, or entrepreneurship and innovation or functional management (e.g. finance, accounting, public relations, sales and marketing, procurement, logistics, operations, human resource management, information technology, legal compliance, etc.) or the management of change.

Hanson et al. (2002) describe strategy implementation as involving four organisational processes of strategic management: Corporate Governance; Organisational Structure and Controls; Strategic Leadership; and Strategic Entrepreneurship.

- **Corporate governance** is the oversight of stakeholders in an organisation particularly the owners, managers and boards of directors. Effective governance is essential for ensuring ethical, transparent and fair practices in the implementation of the organisation’s strategies.

- **Organisational structure and controls** need to be aligned with the strategy to maximise likelihood of achieving a competitive advantage. Organisational structure includes concerns such as the overall design of the organisation, its positions of authority, decision-making channels and networks of roles and jobs. Strategic competitiveness is said to be achieved when the firm’s chosen structure and controls are aligned with the strategy.

- **Strategic leadership** is the ability of an individual or group to anticipate, envision, maintain flexibility and empower others to create strategic change. Grint (2005: 1–32) argues that leadership is an ambiguous concept related to many aspects including person-based leadership (groups acknowledge particular individuals as leaders), positional leadership (leaders occupy formal positions of power), result-based leadership (leadership only exists when it leads to effective results), process-based leadership (leaders are distinguished from non-leaders by what they do), and hybrid leadership (people and machines combined create leadership). In the context of implementation of strategy, leadership is complex, multi-functional, and requires the ability to manage and lead the organisation to achieve and sustain high performance.

- **Strategic entrepreneurship** is the ability to implement strategy, create innovations, achieve organisational renewal of mature and declining businesses, and develop new successful corporate ventures. Entrepreneurs are traditionally understood as the key individuals to stimulate new economic activity and as such as the primary agents responsible for growth and prosperity in the economy.

### International strategy

An international strategy is one that sells products and services outside of the firm’s domestic market. The most common reason given for an international business strategy is to extend the product lifecycle and gain new resources and markets from operating and selling outside of the domestic market (Vernon, 1996). Some of the
main reasons for moving into international markets are given as the incentives: to increase market size; opportunity to make a greater return on investments; attainment of optimal economies of scale and learning through knowledge sharing and exploiting resources, capabilities and core competences; and achieving advantages of location such as reducing the cost of products and services combined with reaching superior networks of suppliers and customers.

International Business scholars often speak of the implementation of international strategy as involving distinct choices of organisational modes of entry into markets in other nations and regions. Once the choice has been made on the mode of entry, there has to be a successful implementation which takes account of the probable costs, risks, controls and likely returns associated with the entry mode (Kim and Hwang, 1992). The modes of entry into other countries and regions include: Exporting; Licensing; Strategic Alliances; Acquisitions; Establishment of a new Subsidiary.

In international strategy, the overall idea is that implementation involves different costs and varying degrees of risk and management control. With some simplification, the theory proposes that they can be seen as carrying different degrees of cost, risk and control. Exporting is characterised as high cost and low risk; licensing as low cost and low risk; strategic alliances as shared costs and shared risks but having problems of integration and therefore control; acquisitions are rapid, high cost and high risk; and whereas the establishment of a new subsidiary is also high cost and high risk, it offers greater opportunity for management control and achieving above-average returns in the market (based on Hanson et al., 2002).
National competitiveness

The Determinants of Competitive Advantage of Nations (Porter, 1990) operates at the country level rather than the organisational level as in the previous two examples. So the idea here is one of competitive advantage as seen from the perspective of nations of the world rather than from the position of one particular organisation in an industry.

The national determinants of competitive advantage are: Factor Conditions; Demand Conditions; Related and Supporting Industries; Firm Strategy, Structure and Rivalry; Role of Government; and Role of Chance. Porter called these determinants diamonds and proposed that nations with all four main determinants in the diamond are more likely to attain a competitive advantage. The theory has been criticised for over-emphasising the extent that all four are necessary and a number of theoretical and empirical research articles have demonstrated that a nation can exploit a comparative advantage and prosper possessing just one or two factors such as wealth generation through territorial ownership of valuable resources such as oil and copper (Yetton et al., 1992).

Factor conditions are the factors of production such as labour, land, natural resources, financial capital and physical infrastructure. They can be subdivided into basic and advanced factors. Labour is considered either as a basic or advanced factor dependent on the education, skills and competences of the worker. Demand conditions are calculated on the basis of the amount of demand for basic and advanced goods and services in the home market. Economies of scale are achieved by organisations through efficient management and through competition winning a sizeable share of the market.

Related and supported industries are important networks of suppliers, buyers and services and are vital for the survival and growth of the business. Pools and clusters of expertise and experience emerge amongst the patterns of firms’ strategy, structure and rivalry such that some places in different countries are the location of choice for particular industries, products and services. Silicon Valley in California is one of the most commonly mentioned regions that is an incubator for innovation in new computer media, information and communication technologies. Porter (1990) argues that it is often easier to innovate and grow in these locations.

In addition to these four determinants, Porter identifies two further ones, fifth the role of government in facilitating a supportive, or conversely creating a negative, environment and economy, and sixth the role of chance occurrences in making winners and losers in the competition between nations.

The words ‘human’ or ‘people’ as in Human Resource Management or People Management do not gain specific mention and therefore are not given an obvious and sufficiently high profile. It can be counter-argued however that many of the above mentioned terms on strategy implementation actually do include these concepts, albeit implicitly. It is self-evident that in ‘strategic management’, strategic leadership has to involve leaders and followers, hence people. Similarly, in ‘international business strategy’ acquisitions are specified as one of the modes of entry to another country and are bound to involve the direct or indirect employment of people. Furthermore, in ‘national competitiveness’ phrases like factor conditions include advanced factors such as people with rare and specialised skills.
In fairness, some of the tools and techniques of strategy implementation do make more explicit mention of people. Where the significance of people is emphasised is in areas that have more of a concentrated focus on people working in teams and projects as in the disciplines of Project Management, Organizational Behaviour and Strategic (I)HRM.

5 Strategy viewed from two perspectives based on people: project management and organisational behaviour (OB)

Project management

Project management is the application of knowledge, skills, tools and techniques to project activities to meet project requirements. Project management is accomplished through the application and integration of the

![Diagram](image-url)
Managing a project includes:

- Identifying requirements
- Establishing clear and achievable objectives
- Balancing the competing demands for quality, scope, time and cost
- Adapting the specifications, plans, and approach to the different concerns and expectations of the various stakeholders.

Project managers often talk of a ‘triple constraint’ project scope, time and cost in managing competing project requirements. Project quality is affected by balancing these factors ... [Project Management Institute (PMI), 2004: 8]

According to the PMI (2004: 11), the ‘Project Knowledge Areas’ are:

1. Project Integration Management
2. Project Scope Management
3. Project Time Management
4. Project Cost Management
5. Project Quality Management
6. Project Human Resource Management
7. Project Communications Management
8. Project Risk Management
9. Project Procurement Management

What is noticeable about the project management knowledge areas is that two of them concentrate primarily on people skills. Within the context of project management processes, ‘Project Human Resource Management’ is conceptualised in terms of a project and contains four processes: human resource planning, acquire project team, develop project team and manage project team. The following knowledge area in the sequence, ‘Project Communications Management’ also involves four processes: communications planning, information distribution, performance reporting and manage stakeholders.

At the centre of the concept of a project is the idea that it is temporary rather than like operations which are ongoing and repetitive. Projects and operations share in common many characteristics including that they are, ‘performed by people, constrained by limited resources, and are planned, executed and controlled’ (PMI, 2004: 6).

**Organisational behaviour**

The knowledge domain of Organisational Behaviour (OB) has a strong focus on people commencing with an individual and largely psychological level of analysis and moving on to a broader organisational level. It specifically mentions the relevance of ‘Human Resource Policies and Practice’ within the organisation.
• **Individual Level** Attitudes, Job Satisfaction, Personality and Values, Perception and Individual Decision Making, Motivation, Emotions and Moods
• **Group Level** Understanding Work Teams, Communication, Leadership, Power and Politics, Conflict and Negotiation
• **Organisational Dynamics** Organisational Change and Stress Management

(based on Robbins and Judge, 2009:xxiii)

It can be argued that OB attends more to people and their behaviour within organisations than it does specifically address strategy and strategic management. Where it is especially helpful is that it presents a number of reasons why strategies may fail and why they may not always be persuasive to managers and employees. In short, many other factors will interact with the best laid plans which are always subject to issues of culture, power, politics, conflict and negotiation.

OB can be distinguished from projects and project management in so far as both are concerned with individuals, teams, tasks and their available resources, but projects are temporary. In that way projects and OB are different because OB researchers and practitioners are interested in both the temporary and the more permanent aspects of organisations, including the on-going routine operations as well as the more unusual or one-off events. Therefore, OB tends to characterise HRM more broadly than project management, viewing it not so much as programmes of different projects, rather as a routine function and strategic element of the structure, systems, policies and practices of the organisation.

Robbins and Judge (2009) propose that the most important HRM considerations from the OB perspective are:

- selection practices
- training and development programmes
- performance evaluation
- managing diversity in organisations, and the
- global context and its implications for HRM

The last item in the above list effectively takes us on to International HRM (IHRM).

### 6 The rise of international HRM and strategic HRM

International Human Resource Management developed as a subject area a little after the massive wave of interest in HRM during the 1980s. It began as a cluster of teaching, training and research interests primarily around the opportunities and problems faced by MNCs and the success and failure of expatriates, the significance of cross-cultural communication skills in international business assignments,
and international aspects of HRM policies and practices concerning policies and practices in employee resourcing, rewards, performance management (particularly appraisal), employee development and employee relations.

As well as practitioners and researchers diversifying from HRM into IHRM another group focused primarily on HRM and strategy. The idea of strategic HRM (SHRM) developed at the same time although it was initially less rooted than IHRM was on a body of literature and set of debates around international management and international business (Schuler et al., 1993). A primary motivation of the SHRM movement which grew in the late 1980s was to show that HRM was essential to strategic thinking and practice. Teaching and training in the area tended to be relatively a-theoretical and emphasised the importance of HRM policies and aligning them to the strategy of the business. Some early research studies and debates during the 1980s sought to apply basic concepts of strategy to the field of HRM.

One of the most well known pieces of work on the relationship between strategy and HRM is Schuler and Jackson’s (1987) argument linking employee behaviours to organisation strategies for competitive advantage. They placed the employee behaviours within a standard set of HRM practices and demonstrated that different approaches will be required for effective strategic management of the workforce. Their main point was that employee behaviours should be selected, motivated, retained, developed and rewarded according to whether the strategy is one of cost leadership or differentiation (quality) or innovation. Their conceptualisation of strategy was based on Michael Porter’s (1980, 1985) concept of competitive business strategy. Schuler and Jackson (1987) summarised the role behaviours required of employees as follows:

- **Innovation strategy** – *Work differently*
  - Creative, long-term, independent, high concern for quality, high concern for quantity, high risk taking, high concern for results, high preference to assume responsibility, flexible to change, tolerant of ambiguity and unpredictability, broad skill application, high job (firm) involvement

- **Quality strategy** – *Commitment and utilisation*
  - Repetitive, predictable, short-term, modest interdependence, modest cooperativeness, high concern for quality, modest concern for output, high concern for process, low risk-taking, commitment to goals of organisation

- **Cost reduction strategy** – *Reduction in cost of work output per employee*
  - Relatively repetitive and predictable behaviours, short-term focus, independent, modest concern for quality, high concern for output quantity, primary concern for results, low risk-taking, high comfort with stability.

There is potential then for analysing links between the organisation’s strategy and areas for individual learning. Schuler and Jackson’s (1987) argument can be understood by analogy of the strategy with the appropriate role behaviours. Thus, if the strategy
is to be ‘innovative’ then entrepreneurial employee behaviours will be appropriate. Alternatively, if the strategy is one of ‘quality’ then role behaviours specifically connected with quality management processes of teamwork, continuous improvement, zero defects, role flexibility and systems thinking are more likely to be suitable.

Their overall line of argument of the strategic links between the individual and organisational levels is that:

1. **Individual characteristics** of top managers should **MATCH** with the **nature of the business**
2. **Competitive strategies** (innovation, quality, cost) should **MATCH** with needed **role behaviours** (creativity, time focus, autonomy, quality, quantity, risk, concern for results, responsibility, flexibility, tolerance of ambiguity, skill range, job involvement)
3. **Competitive strategies** (innovation, quality, cost) should **MATCH** with **HRM practices** (planning, staffing, appraising, compensating, training and development)
4. Firm’s effectiveness will be increased when **HRM practices MATCH competitive strategies**
5. **HRM** is strategic only when **HRM practices MATCH each other in a consistent, reinforcing set of practices**.

In the 1990s a greater number of practitioners and researchers attended to the links between HRM and performance and several studies (see Chapter 9) showed there to be relationships between HRM and the success of the organisation’s strategy. By the end of the decade several influential HRM and OB researchers (e.g. Purcell 1999; Wood, 1999) became disenchanted with broad-based studies using simple frameworks and typologies for strategy and urged improved constructs in survey research (e.g. Guest, 2001) as well as more case study and qualitative research analysis (Pinnington, 2005; Pinnington and Sandberg, 2009). Boxall and Purcell (2008) have consistently promoted the line of argument that HRM can be strategic and can create value through selecting capable people and motivating the workforce to achieve business goals. They claim that three fundamental goals specifically of HRM are to achieve labour productivity, organisational flexibility and social legitimacy. Their work on strategic human resource management has over the last decade been a source of inspiration for a number of (I)HRM researchers, practitioners and students. Boxall and Purcell argue that the most critical challenge faced by firms is to become and remain viable in their chosen markets. They suggest that this problem can be reduced to three major table stakes (a set of goals, resources and capable people). If the firm wants to survive over the long-term then its viability depends on recruiting and retaining capable people. It is only by getting this right and achieving and sustaining viability that attaining sustainable competitive advantage can become a realistic goal.

Appropriate human capabilities are strategic to the success of every firm. It is only people that pose the questions, ‘What goals are appropriate for the
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business? and ‘What resources are relevant to our goals?’, and take an interest in making the answers a reality. This is desperately obvious but it has to be said because there are dozens of books on strategic management which assume that good strategy appear out of nowhere: human beings do not seem to be involved or only as an afterthought. (Boxall and Purcell, 2003: 31–32)

7 IHRM challenges

In a large number of ways HRM and IHRM are similar and often are treated synonymously. However, there are also some substantive differences between the two in terms of the theory and practice of strategic management. In IHRM it is impossible to consider the needs and assumptions of the organisation from the perspective of one country, national economy and single domestic market (e.g. Dowling et al., 2008; Evans et al., 2010). In this concluding section of the chapter, three major IHRM challenges are outlined: Cross-cultural Communication and Diversity, Global Knowledge Management, and Local and Global Sustainability.

Cross-cultural communication and diversity

As a starting point, the international and global diversity of IHRM makes it much more difficult to understand how one organisational culture can be achieved and

Figure 1.5 Three critical elements for the viability of the firm
Source: Boxall and Purcell, 2008: 38, Fig.2.1.
furthermore whether its attainment is a desirable goal. It is worth remembering that Hofstede’s (1980) landmark research investigation of national culture and fundamental differences between country cultures was conducted all in one organisation – IBM – a company renowned for its corporate culture and uniformity of values symbolised by the organisation men in blue and grey suits and white shirts. Essentially, in HRM and especially in IHRM the cultural perspective should be a varied one that can accurately reflect the issues of homogeneity and heterogeneity.

In this regard Alvesson (1993) has offered a helpful framework for thinking flexibly about culture by viewing it in four distinct ways:

1. unitary and unique organizational culture
2. organizations as meeting points of ‘fields’ of culture
3. local subcultures
4. ambiguous cultural configurations.

Understanding organizational culture as unitary and unique means making the assumption that the culture really is not like any other and thus is different from the rest. By contrast, understanding organizations as meeting points of ‘fields’ conceptualizes all organizational culture as being composed of societal-level commonalities and divisions. An individual organization culture following this way of thinking therefore can never be entirely distinctive or unique because it is entirely a manifestation of macro-social phenomena. The local subcultures approach plays down the macro-societal issues conceptualizing the organizational culture as constructed out of a variety of local, contextual influences. The fourth approach, understanding organizational culture as comprising ambiguous cultural configurations, assumes a plethora of sources of culture, simple and unique, macro and shared, local and others, complex and confused. Alvesson recommended using all four approaches to gain a more informed and comprehensive insight into organizational culture. (Pinnington, 2003: 216–17)

In the specific context of mergers and acquisitions the fourth of Alvesson’s approaches ‘ambiguous cultural configurations’ probably best explains many of the IHRM issues faced by companies engaged in major strategic and organisational change such as merger and acquisition (M&A). When two industry giants are prompted by over-capacity in the industry to engage in a merger or acquisition, these M&As are major one-off events and are extremely hard to create and sustain value over time. This is often due to the strategic problems with successfully integrating two assertive and independent organisational cultures, structures, systems, customers, suppliers and employees (Ashkenas et al., 1998). A number of past M&As have been problematic such as when Daimler-Benz acquired Chrysler Corporation in 1998 and when Tata Motors acquired the Jaguar Land Rover operations and the Rover Marque all bought from Ford in March 2008. In addition, in August 2007 the Chrysler group were sold to the private equity firm Cerberus Capital Management. Two years later, on 30 April 2009 Chrysler LLC filed for Chapter 11 bankruptcy and subsequently was rescued by US$6.6 billion financing from the federal US government; during the same
year General Motors was reorganised following Chapter 11 bankruptcy. Tata Motors has experienced difficulties post-acquisition with financing its automotive assembly operations in the UK and during 2009 has been in conflict with the UK government over the relative financial responsibilities during the global economic recession. Mergers intended to extend the product line or international coverage often meet geographical and cultural differences but tend to be more frequently successful than M&As prompted by over-capacity in the industry (Bower, 2001). These mergers have more opportunity to manage change in a series of incremental steps and hence are more viable to manage with less time pressures and longer time frames to implement integration. Over-capacity and product or market extension are the two main strategic reasons for M&As and constitute over two thirds of the total. Other common reasons for M&As include: geographic expansion and roll-up, industry development and convergence in emergent industries, and R&D (Bower, 2001).

Geographic roll-up is more likely to be successful in win–win scenarios for the parties involved in M&A and industry convergence depends on M&As that maintain sufficient autonomy for key innovators to continue growing the organisation and entrepreneurially developing new products and services. M&As intended to gain access or acquire R&D expertise and intellectual property are an alternative to organic and in-house growth. They have been relatively common in MNCs, such as 3M and GE. Their competitive success depends on their capability to retain key talent during and post-acquisition.

In M&As and other strategic changes IHRM practitioners clearly have a central role to play in the management of culture and cross-cultural communication. They need to remain current and up-to-date in their thinking and flexible in their approaches. Cultural differences should be considered from different perspectives. Theorists on culture argue that we should be sensitive in our cross-cultural communication to differences in national and organisation culture (Frost et al., 1991; Martin, 1992). They recommend that when working and collaborating in diverse cultural settings, people should seek to understand the extent of:

- **Integration** consistency and consensus
- **Differentiation** variation and sub-culture conflict
- **Fragmentation** ambiguity, inconsistency and fluctuation

**Global knowledge management**

Knowledge management faces both more opportunities and obstacles in the global environment. Some countries and cities hold a competitive advantage deriving from their historical development, established infrastructure, reputation and location advantages (Nachum, 2003; Nachum and Keeble, 2003; Sassen, 2001). As the following quotation from an Australian lawyer shows, from his experience as Partner-in-charge (Asia) for a top tier Australian law firm, the international commercial environment is not a level playing field in the high fee paying global legal services business:
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'I could never understand why in London to give you an example. You know, a Korean shipbuilder selling a new ship to a Norwegian ship owner or operator um with intending to use Greek crews with US dollar financing would come to London to have all the legal work done, but they did. Now they don’t come to Australia for that! And that is. You just have to look at what work are we in and who do we meet as a result of that’ (Partner-in-charge, Asia, top tier Australian law firm). (Pinnington and Gray, 2007: 163)

There are though also massive opportunities for MNCs to exploit the scale and scope of their knowledge resources. Unilever, a multinational fast-moving consumer goods company, is one MNC that has been strategically managing its knowledge assets. A review of Unilever’s knowledge management practices (Krogh et al., 2001) found knowledge creation and knowledge transfer were fundamental strategies and implemented simultaneously by the organisation. Unilever is just one example of the multitude of ways that MNCs can transfer, expand, appropriate and create new knowledge. Unilever worked across a broad range of fronts throughout the company using internal and external specialists for project advice, virtual teams, task teams, communities of practice (pools of people with practice-based expertise), world conferences (divided into various categories relevant to products and services), and partnerships and collaborations with customers, suppliers, professional associations and universities. Krogh et al (2001) identified four knowledge management strategies:

- **Leveraging strategy** – Communicate and transfer existing knowledge within your organisation
- **Expanding strategy** – Create and build on existing knowledge
- **Appropriating strategy** – Take new knowledge from external individuals and organisations and transfer it to your organisation
- **Probing strategy** – Create new, proprietary knowledge from your internal organisational resources

**Local and global sustainability**

The global economy and local economies are in a constant state of change and flux. Even major policies, habitual practices and global patterns of trading activity are changing with the anticipated demise of the US dollar which was previously considered for over 50 years as the most reliable world currency. The world is undergoing a gradual change with the balance of power currently towards the East and away from the previous hegemony of Western advanced countries. Some financial markets, business practices, social customs and values are converging so that in some ways the world has become more uniform. In other ways, the environment is becoming more complex. As Reiche and Harzing (see Chapter 6) observe, MNCs are experimenting with many different forms of international assignment influenced by the advent of the
dual career couple and greater political and cultural sensitivity around the traditional, standard concept of the 2–3 year long stay by a home country expatriate.

There remain notable country differences. Reiche and Harzing note that Japan, Italy and Germany are more likely to have parent country expatriate foreign subsidiary managers than are Denmark, the UK and Norway. Further, some industries remain more Parent Country National (PCN) dominated such as Banking, Commodity Broking, Printing and Publishing. In contrast, Food, Computers and Electronics are comparatively less so (see Reich and Harzing, Chapter 6).

Unless the world sees a colossal wave of national isolation and re-introduction of trade tariffs and barriers, there are likely to remain a number of continuities in strategic management and IHRM. Amongst them is the fact that MNCs’ overall motives for international transfer have not changed that significantly since their first theoretical formulation by Edstrom and Galbraith (1977) as: Position filling, Management Development, and Organization Development (Coordination and Control). Moreover, senior executives formulating international corporate strategies will continue to make decisions on the extent that they want to achieve global integration (global strategy), local responsiveness (multi-domestic strategy) or some balanced articulation and combination by being both highly globally integrated and highly locally responsive (transnational strategy).

A major challenge for HR practitioners working in local and global contexts is to raise the professionalism of IHRM so that it can fulfil a more responsible contribution to organisations and society and consequently occupy and maintain higher status within the ranks of managers and executives (Macklin, 2007; Margolis et al., 2007). In effect, this means being able to act with similar authority and efficacy

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### Figure 1.6 Four knowledge strategies

*Source: Krogh et al., 2001: 427, Fig. 1*

<table>
<thead>
<tr>
<th>Knowledge Domain</th>
<th>Knowledge Process</th>
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<td>Transfer</td>
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<td>Creation</td>
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<tr>
<td>Existing</td>
<td>Leveraging strategy</td>
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<td>New</td>
<td>Appropriating strategy</td>
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<td>Probing strategy</td>
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Knowledge Domain: 
- New
- Existing

Knowledge Process: 
- Transfer
- Creation

Transfer:
- Leveraging strategy
- Expanding strategy

Creation:
- Appropriating strategy
- Probing strategy
as do other in-house professionals such as in-house corporate and external lawyers (Pinnington et al., 2009). One of the many problems facing IHRM practitioners is the need to get more involved in the development and maintenance of high standards of ethical management. Selecting one from many of the current examples of innovations significant for IHRM is the development of the ISO 26000 standard for Social Responsibility. Social Responsibility can be defined as the responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- Contributes to sustainable development, health and the welfare of society
- Takes into account the expectations of stakeholders
- Is in compliance with applicable law and consistent with international norms of behaviour
- Is integrated throughout the organisation and practiced in its relationships

The ISO 26000 standard for Social Responsibility is scheduled for publication in September 2010. It is been developed by experts and stakeholders from six categories (consumer, government, industry, labour, NGOs, SSRO–Service support research and others). The process has involved numerous conferences and workshops held worldwide (e.g. Vienna, Sydney, Paris, New York, Santiago, Bahrain, Cape Town, Berlin, Tokyo). It has involved over 406 experts and 135 observers from 80 member countries and 37 external liaison organisations. The principles of social responsibility are central to good governance of the corporation and effective and ethical IHRM. They include principles of: accountability, transparency, ethical behaviour, stakeholders’ interests, respect of the rule of law, universality of human rights and respect of international norms of behaviour.

IHRM practitioners and researchers can play a major strategic role in assisting with social responsibility, which according to ISO 26000 means that the organisation should understand:

- how its decisions and activities impact on society and the environment
- how these impacts affect specific stakeholders
- what the expectations or best practices are with respect to responsible behaviour concerning these impacts

8 Summary and conclusions

This chapter has introduced the concepts of strategic management and IHRM. It has argued that people are central to the long-term success of all organisations and in all sectors of employment. We discussed the central importance of value creation through strategic management and reflected on how it will often be evaluated from
different points of view by major stakeholders (e.g. customers, suppliers, management, employees, local community). We considered the major elements of the process of strategic management – analysis, choice, formulation, implementation – and identified different schools of thought such as the design and emergent approaches.

For IHRM to be aligned with the strategy of the organisation it must be clear on the way it links at corporate, international and business levels. We then turned to consider three perspectives on strategy implementation. First, strategic management, following Hanson et al.’s (2002) depiction of strategy implementation as involving four organisational processes of strategic management: corporate governance; organisational structure and controls; strategic leadership; and strategic entrepreneurship. Second, international business strategy, and its concept of modes of entry into other countries and regions include: exporting; licensing; strategic alliances; acquisitions; and establishment of a new subsidiary. Third, we changed from the organisation-level to the country-level of analysis and reviewed Porter’s national determinants of competitive advantage which are: factor conditions; demand conditions; related and supporting industries; firm strategy, structure and rivalry; role of government; and role of chance. We then changed the focus from strategic management to address more specifically perspectives related to people and briefly overviewed two common frameworks respectively from project management and organisational behavior.

The next section related the rise of IHRM and strategic HRM, showing that both of these subjects emerged based on the forces of globalisation and changing interests of practitioners and researchers. We noted that IHRM and SHRM offer a wide variety of concepts, tools and techniques for managing people in circumstances of strong global and local competition. The final section selected three major IHRM challenges likely to be significant in the future – cross-cultural communication and diversity, global knowledge management, and local and global sustainability – and all three are major themes across the chapters in this book.

This first chapter has introduced some of the basic principles of strategy and strategic management that have had a substantial influence on IHRM practice and research thinking. IHRM practitioners are well advised to ensure their conversations and actions relate to line management and other employees’ strategic discourses. In the following chapters of this first section of the book on Strategic, Comparative and Organisational Perspectives on IHRM, we move forward with these ideas and consider them more broadly from the viewpoint of comparative HRM and organisational perspectives in the contexts of two areas of innovation and change, M&As and High Performance Work Systems.

Discussion questions

1. ‘People are our greatest asset’ – debate for and against this statement on the basis of strategic management.
2 What is the relevance of IHRM for international strategy? Identify different aspects of international strategy and discuss how IHRM can be linked to its successful implementation.

3 Imagine that you are responsible for reorganising IHRM policy for a major airline. What would you want to know about the industry and the company to be able to undertake this task?

4 What are the difficulties with conducting an internal analysis of the organisation?

5 Specify a country of your choice. What are its strengths and weaknesses in relation to the determinants of competitive advantage?

6 A successful strategy from the perspective of the company does not necessarily imply success from the individual employees’ point of view. Find examples for this statement and discuss them in class.
Emirates Airline – airline keeps cash reserves strong

This case is adapted from the Business section of The National newspaper, 4 May 2; 6 May 1–22; www.thenational.ae. Copyright © 2009, National.

New Boeing 777 Aircraft delivery delayed until the next year

Emirates Airline will delay the delivery of several new Boeing 777 aircraft next year by several months to protect its cash reserves during the downturn, says officials.

It is the latest interim measure for the Dubai airline to navigate through the global recession, following efforts to give staff leave of absence and reposition aircraft to more promising routes as demand has waned in some markets. Emirates is expected to announce a small profit in coming weeks amid one of the worst revenue environments for airlines in decades.

Maurice Flanagan, the executive vice chairman of Emirates Airline and Group, said there had been a ‘slight rearrangement’ of deliveries next year, without disclosing further details. However, in a media report yesterday, Abdullah al Shams, a fleet manager at Emirates based at the Boeing factory in Washington, said the delays involved the long-range 777.

Airlines around the world have deferred and even cancelled aircraft orders amid the global recession. Boeing received 40 new aircraft orders this year while seeing 33 previous orders cancelled. The cancellations come as airlines in the first quarter lost US$1 billion – in line with a forecast for a US$4.7bn loss for the year, the International Air Transport Association said.

‘Around the globe, we are seeing a number of customers looks for some deferrals, including in the Middle East,’ said Marty Bentrott, the senior vice president of Middle East and Africa sales for Boeing’s commercial aeroplanes division. ‘We are staying close to these customers in these challenging times.’

Mr Flanagan said the move would help the airline’s cash position, which suffered a 32 per cent drop during the six months ending in September, to US$2.3bn from US$3.4bn. The airline said the drop came after pre-delivery payments, financing a cabin refurbishment programme and paying a dividend to the Dubai Government, its primary shareholder.
‘Re-arranging these orders means that forecast pre-delivery payments will not take place,’ he said. ‘The cash position is strengthened, and the market will come back in a year from now.’ Deferring the deliveries would give it more time to arrange financing, Mr Flanagan added.

The long-range 777 is a major feature in Emirates’s plans to expand its network to six continents. The 777 aircraft costs between US$205 million and US$286 million each, at list prices. Emirates will receive a total of 17 new aircraft this year, including wide-bodied planes from Airbus, and is expected to receive a similar number next year.

**Airlines from the Gulf gear up for recovery**

At a time when Singapore Airlines is reducing its fleet, Emirates Airline is increasing the number of its aircraft and Etihad is installing new first-class seats.

And Qatar Airways is putting the finishing touches to a US$1 billion programme of airport improvements. Many of the world’s largest airlines may have cut capacity and even parked aeroplanes because of the economic downturn, but Gulf carriers are instead unifying under a strategy to build up their networks to prepare for the recovery.

Sheikh Ahmed bin Saeed, the chief executive and chairman of Emirates Airline, likened his company to a surfer waiting for the next big swell – even though the sea is flat. ‘Still, we are receiving 17 aircraft, that’s a big number. So at least we want to catch the wave when it picks up,’ he said at the Arabian Travel Market trade show in Dubai yesterday. Sounding a cautious but upbeat note, the chief executive – who has overseen the evolution of the Dubai airline from a small regional carrier into the Arab world’s largest and most profitable operator – said the business was still generating cash. ‘We remain very positive,’ he said. ‘But sometimes you have to be cautious.’

James Hogan, the chief executive of Etihad, said the carrier had achieved its first-quarter targets of 75 per cent seat load factors, while acknowledging that the airline industry was suffering from price discounting to lure customers. ‘We hit our numbers, but we’re entering a difficult second quarter. It’s a tough cycle, but you’ve got to be flexible enough to adjust to move forward,’ he said. Other airlines are expressing their caution in more significant ways.

Singapore Airlines is preparing to reduce its fleet by 17 aircraft due to declining ticket sales. Cathay Pacific Airways, Hong Kong’s largest carrier, is cutting flights to London, Paris, Frankfurt and Sydney and asking staff to take unpaid leave as it faces steep drops in demand. And Qantas, the Australian flag carrier, is reducing its workforce by about 5 per cent and delaying the delivery of new planes in response to the depressed travel market.

Moves by the Gulf airlines to protect cash and lower expenses have come in more incremental ways. Qatar Airways, the second-largest Gulf long-haul airline, will cut one route to India this year even as it expands into new destinations on the subcontinent. The airline will pull out of its unprofitable Nagpur service and will redirect the aircraft into new destinations at Amritsar and Goa.
Investments to build up world class airlines

While Emirates Airline has had to make slight adjustments to its delivery schedule in the coming years for Boeing 777 and the Airbus A380, and has also begun offering staff unpaid leave, these moves pale in comparison to the strategic investments taking place. Several airlines in the Gulf countries are building up world-class airlines and airports. Their global growth strategies and related domestic infrastructure developments are anticipated to have significant benefits for the GCC.

‘While our competitors are parking planes, we are doing the opposite, said Akbar al Baker, the chief executive of Qatar Airways. ‘We are launching seven destinations. I would reveal more, but some of you may have a tummy upset.’ Etihad Airways is introducing its new first-class product as first and business-class travel demand has fallen significantly. Within the Middle East, premium tickets fell 10.6 per cent this year compared with the same period last year, according to the International Air Transport Association. Premium travel between the Middle East and the Far East fell 14.5 per cent, while first-class travel between the region and the south-west Pacific dropped even further, by 23.6 per cent.

The lavish first-class cabin includes an 80.5-inch (204 centimetres) lie-flat seat, a changing room with full-length mirror and a sliding door that creates a private suite. The new product will be unveiled on a new Airbus A340–600 being delivered in September, and will then be outfitted on Etihad’s existing aircraft that carry a three-class configuration. The project cost Etihad US$70.36 million, the airline said. ‘Demand will come back, and when it does, we will be well positioned,’ Mr Hogan said.

Likewise, Sheikh Ahmed warned that pulling back now could be detrimental in the long term. ‘In our business, whatever action you take today will affect you in the long term. We know that it will pick up.’

Case questions

1. Based on what you know and can find out about the global airlines industry in mid-2009, make an assessment of the risks and opportunities facing Emirates Airlines.
2. In what ways may a corporate and professional approach to SHRM and IHRM assist Emirates Airlines to achieve its short-term and long-term strategic goals?
3. What human resources and skills does Emirates Airlines need for participation in the industry (i.e. threshold competences) and to achieve a competitive advantage (i.e. core competences)?

Case questions for further study and reflection

1. Imagine you are offered the opportunity to change your current employer from Emirates Airlines to another Gulf Country airline company. What are the main factors you need to consider for deciding whether to accept the offer?
2. Imagine you are about to finish your studies and are looking for a job that provides the opportunity to work internationally in the Gulf region. In what ways would the company’s IHRM be influential in your choice of company?
Further reading

A classic and top ranked cited academic paper which outlines comprehensively Jay Barney’s resource-based view of the firm. This was one of the articles which marked a watershed point for HR researchers and practitioners. It acknowledges much more openly and clearly the role of people than typically is found in strategic frameworks based on industry environment analysis.

Randall Schuler and Susan Jackson were one of the first researchers to link psychological and organisational behaviour concepts with the strategies of cost leadership, differentiation and innovation. Although now something of an ‘oldie but goldie’, many cohorts of undergraduate and postgraduate students have found this paper by Schuler and Jackson to be really helpful for understanding exactly how the people issues can be linked with the strategic issues.

This paper critiques Michael Porter’s diamond and argues that as a matter of empirical fact a country may achieve a comparative advantage through possession of just one or two of the determinant factors. The authors conclude therefore that the theory is over-stated and potentially misleading for government policy makers and business leaders.

If you are interested in finding out more about strategic management and where it all comes from, in terms of research schools of thought and core disciplinary concepts, then this is a very readable and accessible review of developments in the research field.

Alternatively, if you are looking for a book to learn more about strategy and strategic management as a practical tool and way of thinking, then this classic textbook is an excellent resource for answering almost any question that you have on strategy.

There again, if you in fact are looking for something more concise, then this book is an excellent read on four theories of strategy (classical, evolutionary, processual and systemic) and is generally very popular with postgraduate students.
 Strategic, Comparative and Organizational Perspectives on IHRM


  The research discussed in this journal article addresses the internationalisation strategies of knowledge workers based in a country with a comparatively small population and economy. It examines the ways that an elite group of law firms in Australia are contributing to the globalisation of business and restructuring of legal services work. It seeks to understand Australian law firms’ collective strategic intent, which at the time of the research was to develop a global competitive presence in markets in the Asia Pacific region. It is an interesting study of the little guys rather than the big guys trying to establish a global presence. It examines the distinctive commercial orientation and institutional corporate connections of this group, focusing on how their strategic practice in many ways actually favours the elite group US and UK firms. The data specifically on the recent phase of internationalisation of legal services show Australian lawyers to be of lower status when compared to elite US and European law firms.


  A multidisciplinary journal article related to strategic management, knowledge management and IHRM which examines the historical evolution of the organisation of professional work. It provides examples from medicine and hospitals and proposes that the nature of professional work and its communities have changed from craft guild forms to state-based hierarchical institutions with a societal orientation. Adler et al. propose that organisations are now moving more towards new collaborative forms of work and organising.


  If you want to really get to grips with the multitude of ways in practice that corporations can implement knowledge management, then this is one of the best starting points for ideas. The authors show how Unilever engaged in a set of concurrent strategies to manage knowledge in ways that create value and may lead towards attaining a competitive advantage.

### Internet resources

1. The Strategic Planning Society (SPS) (http://sps.org.uk/): The Strategic Planning Society (SPS) fosters and promotes research and best practice in strategic thought and action. SPS aims to create a link between the academic and practitioner worlds of strategy. It has been in existence for 40 years and members receive *Long Range Planning and Strategy Magazine*. SPS’ stated purpose is: ‘We exist to provide a forum for the propagation, advancement and education in strategy and strategic thinking.’ SPS strategic intention is:
Strategic Management and IHRM  A. Pinnington

- ‘To be recognised as an expert voice on strategy and strategic thinking
- To promote the case for strategy as a professional discipline’

SPS values are:

- ‘Reflect the diversity of the organisations and communities we service.
- Committed to excellence – initially internally by creating a sustainable organisation.
- Committed to being a creative, trusting, knowledge centred organisation.
- To be unselfishly committed to the development of individuals and organisations to the benefit of their spheres of activity.
- Participative
- Open’

Email membership@sps.org.uk if you would like further details, or wish to apply to be a Trustee {attaching your CV for consideration}.

2 The Society for Human Resource Management (SHRM) [http://www.shrm.org/about/pages/default.aspx]: This website has information about SHRM, HR disciplines, legal issues, publications, research, education, conferences, communities and advocacy. SHRM is the world’s largest association for HRM with more than 250,000 members in 140 countries. The Society serves the needs of HR professionals and the HR profession. SHRM was established in 1948 and has subsidiary offices in China and India.

3 The Chartered Institute of Personnel and Development (CIPD) [http://www.cipd.co.uk/default.cipd]: The CIPD is the professional body for those involved in the management and development of people. It has 135,000 members. The CIPD mission is: ‘to lead in the development and promotion of good practice in the field of the management and development of people, for application both by professional members and by their organisational colleagues’. The CIPD aims to serve the professional interests of members and to uphold the highest ideals in the management and development of people, and the website covers a wide range of topics in IHRM, SHRM and HRM.

Self-assessment questions

Indicative answers to these questions can be found on the companion website at www.sagepub.co.uk/harzing'.

1 What are the employee role behaviours that Schuler and Jackson (1987) recommend for a strategy based on: (a) Innovation, (b) Quality, and (c) Cost reduction?
2 What do the following commonly used acronyms stand for – [a] SWOT, [b] PESTEL, and [c] Five Forces?

3 List and define the three corporate-level international strategies that have a profound influence on the culture, structure, policies and practices of IHRM.

4 Identify and define each of Krogh et al., (2001) four knowledge management strategies.

5 During strategic management of the corporate culture in what three different ways do Frost et al. (1991) recommend that the culture and sub-cultures of the organisation should be evaluated?

References


and innovation: Energizing the study of organizations and organizing”, Sub-theme 46: Energizing the study of organizations and organizing II, ESADE Business School, Barcelona, Spain, 2–4 July.


